

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Jurisdictional Separations Reform and)	CC Docket No. 80-286
Referral to the Federal-State Joint Board)	

REPLY COMMENTS

BellSouth Corporation and BellSouth Telecommunications Inc. ("BellSouth") reply to the various Comments filed on the State Members of the Federal-State Joint Board's ("State Members") *Glide Path Policy Paper*.¹

I. THERE IS NO COMPELLING REASON TO RETAIN SEPARATIONS FOR PRICE CAP CARRIERS.

Alaska Communications Systems, Inc. ("ACS") states correctly that "current jurisdictional separations rules were designed for a network that no longer exists," and "are an increasingly quaint reflection of the architecture and usage of a network of a bygone era."² As ACS further demonstrates, jurisdictional separations is not a universal service mechanism,³ is not a substitute for interstate ratemaking,⁴ is difficult to apply to new technologies and services,⁵ and

¹ "Options for Separations: A Paper Prepared by the State Members of the Separations Joint Board," CC Docket No. 80-286 (filed Dec. 19, 2001) ("*Glide Path Policy Paper*").

² ACS Comments at 2.

³ *Id.* at 2-4.

⁴ *Id.* at 4-6.

⁵ *Id.* at 6-7.

creates arbitrage opportunities for new competitors.⁶ Because jurisdictional separations have been and can continue to be gamed by regulators and competitors in order to achieve these aims, the Commission should seek to eliminate jurisdictional separations as an outdated regulatory mechanism.⁷

Small to mid-size rate of return local exchange carriers raise a number of issues unique to providing service in rural areas under rate-of-return regulation.⁸ BellSouth does not have issues in common with these carriers, even though BellSouth provides local exchange and exchange access services in a large number of rural, sparsely populated, high cost areas throughout the South. As a price cap carrier operating under price regulation in these states, BellSouth seeks the elimination of jurisdictional separations in order to assure that issues related to universal service funding, rate balancing, new services deployment and regulatory arbitrage can be addressed directly. The only interim approach that BellSouth supports is to maintain the current freeze, as advocated by Sprint and USTA, until separations can be done away with entirely.⁹

To the extent that the Commission believes it should address issues specific to small to medium-size rate of return LECs, it should neither delay separations reform for price cap LECs nor modify the current freeze in a way that would be inconsistent with the ultimate goal of eliminating separations. Much as the Commission has dealt with access charge reform in

⁶ *Id.* at 7-8.

⁷ *Id.* at 9; BellSouth Comments at *passim*; SBC Comments at *passim*; Verizon Comments at 1.

⁸ Comments of Fred Williamson and Associates, Inc. at 3-5; Comments of the Western Alliance at 2-3; Comments of GVNW Consulting, Inc. at 2-3.

⁹ Sprint Comments at 1-2; USTA Comments at 1-2.

separate proceedings involving larger LECs¹⁰ and small to mid-size LECs,¹¹ it could eliminate jurisdictional separations for price cap carriers even as it considered transitional approaches for rate of return carriers. The proposals of the California Public Utilities Commission should only be considered, if at all, in the context of any transitional plan that may be proposed to apply only to rate-of-return LECs that have demonstrated the need for some sort of interim separations scheme beyond simply retaining the current freeze. The California proposals are inimical to either maintaining the current freeze or eliminating separations entirely, as illustrated by the disadvantages of these proposals that are identified in the *Glide Path Policy Paper*.¹²

II. CONCLUSION

The Commission should eliminate jurisdictional separations. If transition issues affect only one class of carriers, such as small-to-mid-size rate of return LECs, the Commission should not delay implementing separations reform with respect to price cap carriers as it considers those unique issues. No comments support re-regulatory Options 2 through 6 as outlined in the *Glide Path Policy Paper*, at least with respect to price cap carriers such as BellSouth. The comments confirm that the simplicity and predictability associated with the current freeze are indeed the appropriate “glide path” to the total elimination of jurisdictional separations.

¹⁰ *In the Matter of Access Charge Reform, et al.*, CC Docket No. 96-262; *Sixth Report and Order in CC Docket Nos. 96-262 and 94-1*, Report and Order in CC Docket No. 99-249, *Eleventh Report and Order in CC Docket No. 96-45*, 15 FCC Rcd 12962 (2000) (“CALLS Order”).

¹¹ *In the Matter of Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, et al.*, CC Docket No. 00-256, *Second Report and Order and Further Notice of Proposed Rulemaking in CC Docket No. 00-256*, *Fifteenth Report and Order in CC Docket No. 96-45*, and *Report and Order in CC Docket Nos. 98-77 and 98-166*, 16 FCC Rcd 19613 (2001) (“MAG Order”).

¹² *Glide Path Policy Paper* at 14-18.

Respectfully submitted,

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Date: March 8, 2002

CERTIFICATE OF SERVICE

I do hereby certify that I have this 8th day of March 2002 served the following parties to this action with a copy of the foregoing **REPLY COMMENTS** by electronic filing and/or by placing a true and correct copy of the same in the United States Mail, postage prepaid, addressed to the parties listed on the attached service list.

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